

**MINUTES OF THE
ECONOMIC DEVELOPMENT AND REVENUE
APPROPRIATIONS SUBCOMMITTEE**

Room W140 West Office Building, State Capitol Complex

January 24, 2007

Members Present: Sen. Bill Hickman, Co-Chairman
Rep. Sheryl Allen, Co-Chairman
Rep. Jim Bird
Rep. Jackie Biskupski
Rep. Julie Fisher
Rep. Steven R. Mascaro

Members Excused: Sen. Gene Davis
Sen. Dan Eastman

Staff Present: Dr. Andrea Wilko, Fiscal Analyst
Juliette M. Tennert, Fiscal Analyst
Jennifer Eyring, Committee Secretary

Note: A list of visitors and a copy of handouts are filed with the committee minutes.

Sen. Hickman called the meeting to order at 2:05 pm.

Dr. Andrea Wilko, Fiscal Analyst, gave an overview of the Governor's Office of Economic Development Administration budget and responsibilities. The two main program areas included are Business Development and Tourism. The Analyst recommended the Department utilize the funding provided last year for an economist position. The Business Development area includes Business Creation, Business Growth, and Business Recruitment.

Business Creation is comprised of programs such as the State Science Advisor, Centers of Excellence and Business Link. Business Growth includes Technology Parks, Entrepreneurial/ Small Business Development Centers, Rural Development, the International Trade and Diplomacy Program, the Procurement Technical Assistance Program and the Manufacturing Extension Partnership. Business Recruitment includes recruitment, Talent Access and incentive programs. Recruitment is done by the Economic Development Corporation of Utah (EDC Utah). Major incentive programs include the Tax Increment Financing, the Industrial Assistance Fund, the Motion Picture Incentive Fund and the Tourism Marketing Performance Fund. The Talent Acquisition program helps business access experienced talent. It was noted that there is a lack of data from the Business Incentives program.

The Analyst recommended \$1,719,000 for Tax Increment Financing be put on the priority list. Also recommended is that the committee appropriate the \$1,408,600 funding set aside for the

Industrial Assistance Fund. The Analyst recommended a base budget of \$9,291,400 with \$8,767,900 coming from the General Fund.

Jason Perry, Executive Director, Governor's Office of Economic Development, reiterated the request for funding the Tax Increment Fund and the Industrial Assistance Fund. A request was made for \$350,000 for World Trade Center Utah, \$48,000 for the Council for Citizen Diplomacy, and \$350,000 for a study on the development of a universal health care plan.

Mike Nelson, Director, Recruitment, Retention and Incentives, discussed a chart showing the results of incentives programs. Procedures for incentives have changed from the past. Incentives are now post performance.

Lew Cramer, President and CEO, World Trade Center Utah, explained the purposes and role of World Trade Center Utah. The purpose is to provide a catalyst for Utah businesses to take advantage of international markets. \$350,000 has been requested for this program. Some of the services provided are trade education and facilitation, interfacing with international visitors, and services that would help Utah business be competitive in the international market. The best opportunities for markets are expected to be in China, India, Mexico and Canada.

Laura Dupuy, Executive Director, Utah Council for Citizen Diplomacy (UCCD), explained the mission and programs of the Utah Council for Citizen Diplomacy. The flagship program is the International Visitor Leadership Program which hosts leaders from around the world. The UCCD is also affiliated with the World Affairs Councils of America.

Jason Perry requested \$350,000 one-time funds to do an actuarial study on a health care plan. A request was made that funds be nonlapsing. A summary of proposed line item changes was distributed to the committee.

MOTION: Rep. Mascaro moved to transfer \$805,600 from the Business Development budget to the Administration budget. The motion passed unanimously with Sen. Davis and Sen. Eastman absent for the vote.

David Sorensen, Executive Director, Manufacturing Extension Partnership, spoke about the important role that manufacturing plays, the impact it has on the Utah economy and concerns in the manufacturing industry. A summary was included with the report distributed to the committee. Manufacturing is adding value to raw materials and is a strong opportunity for improving rural areas. A request was made for a total budget of \$1,500,000. This is a \$460,000 increase over current allocations. His concerns included loss of manufacturing business in Utah and the continuing challenge for manufacturers to remain competitive.

Juliette Tennert, Fiscal Analyst gave an overview of Utah Science, Technology, and Research (USTAR). The program has three components: research buildings, recruiting, and outreach programs. USTAR is a separate entity from the Governor's Office of Economic Development. The Analyst recommends a base budget of \$19,250,000. The Research Building budget and estimated operation costs and financing was discussed.

Ted McAleer, Executive Director, USTAR, stated that rules are being submitted establishing allocation of money and the funding of operation and maintenance costs, and answered other questions from the committee. Keith Stepan, Director, Division of Facilities Construction and Management (DCFM), discussed the timeline for beginning construction of the research buildings.

Sandra Naegle, Financial Manager, USTAR, reported that USTAR is strictly following state financial policy.

Juliette Tennert discussed the USTAR Technology Outreach Program and noted the six objectives of the program. The Analyst recommended the Outreach Program provide tangible details on how objectives will be fulfilled and success measured. It was also recommended that the program coordinate with other economic development programs to complement and not duplicate efforts.

MOTION: Rep. Fisher moved to approve the minutes of the January 18, 2007 meeting. The motion passed unanimously with Sen. Davis, Sen. Eastman and Rep. Biskupski absent for the vote.

MOTION: Rep. Mascaro moved to adjourn the meeting. The motion passed unanimously with Sen. Davis, Sen. Eastman and Rep. Biskupski absent for the vote.

Sen. Hickman adjourned the meeting at 3:50 pm.

Sen. Bill Hickman, Co-Chair

Rep. Sheryl L. Allen, Co-Chair